

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 04 MANAMA 000138

SIPDIS

STATE FOR NEA, NEA/ARPI, NEA/RA, PM, PM/SNA  
DEFENSE FOR OSD/PA&E  
DEFENSE ALSO FOR OASD/ISA/EUR, OASD/ISA/NP, OASD/ISA/AP,  
OASD/ISA/NESA, AND OASD/ISA/BTF

E.O. 12958: N/A

TAGS: [MARR](#) [MCAP](#) [PREL](#) [BA](#) [ECTRD](#) [BILAT](#)

SUBJECT: BAHRAIN: 2005/2006 REPORT TO CONGRESS ON ALLIED  
CONTRIBUTIONS TO THE COMMON DEFENSE

REF: 05 STATE 223383

1. (U) SUMMARY: In contrast with its size, Bahrain makes an invaluable contribution to U.S. security objectives in the Gulf region by hosting and providing support to the U.S. Naval Forces Central Command/Fifth Fleet and the Naval Support Activity. In 2004 Bahrain was an important coalition partner in support of both Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). Previously in 2002, in recognition of Bahrain's contributions to U.S. security efforts in the region, the U.S. granted Bahrain Major Non-NATO Ally (MNNA) status. In 2003, Bahrain once again demonstrated its support for U.S. security efforts in the region by providing critical basing and overflight rights to a large contingent of U.S. forces in support of OIF. During OIF, Bahrain also deployed troops and equipment to support the defense of Kuwait. Bahrain's small economy and dwindling oil reserves require that the government relies in part on assistance from its wealthier neighbors to meet its budgetary requirements, including infrastructure upgrades. Nevertheless, Bahrain annually absorbs an estimated USD 56 million in recurring costs associated with the permanent presence of U.S. defense forces in the country. In 2004 and 2005, post estimates these recurring costs at USD 56,919,000 and USD 55,579,000 respectively. End Summary.

2. (U) GENERAL ASSESSMENT: The U.S., and particularly the U.S. Navy, has worked closely with Bahrain for more than fifty years. When the U.S. Fifth Fleet was re-commissioned in 1995, Bahrain took the controversial step of being the first Gulf State to provide host government support for regionally "home-ported" U.S. Navy forces, and Bahrain remains the only country in the region which hosts a permanent component command headquarters, specifically, headquarters facilities for the Commander of Naval Forces, U.S. Central Command (COMUSNAVCENT). COMUSNAVCENT directs naval operations in the Arabian Gulf, Arabian Sea, and Gulf of Aden in support of Operations Enduring Freedom and Iraqi Freedom, CJTF Horn of Africa, as well as Maritime Interception Operations to enable freedom of navigation and to prevent oil smuggling, piracy and various other operations in support of the Global War on Terrorism. Bahrain's relatively stable and secure political environment allows deployed U.S. Navy ships to stop, replenish supplies, and provide crews much needed onshore rest and recreation opportunities. In 2004, 421 U.S. Navy ships called at Manama while 377 ships called in 2005. In addition to the activities of four home-ported minesweepers, Bahrain is currently the U.S. Navy's busiest overseas port. Additionally, U.S. military and military-contracted air traffic at Bahrain's International Airport and other local facilities encompassed 3521 landings in 2004 and 3415 landings in 2005. Bahrain also provides air defense and force protection for all U.S. forces deployed here. Overall, given its limited resources, Bahrain contributes significantly to the common defense. Bahrain also displays exceptional leadership in moving forward with and supporting the GCC's mutual-defense agreement.

A.1 MAJOR POLITICAL DEVELOPMENTS: Bahrain is a strong ally going through the political strains of democratization. It held peaceful municipal council and National Assembly elections in 2002. A new bicameral legislature with one elected and one appointed house convened in December 2002. This is the first elected legislature to sit in Bahrain since 1975. Four major political societies dominated by Bahrain's leading Shia opposition group boycotted the parliamentary elections, but after a period of confrontation, each of the boycotting groups has registered with the government as a political society and there are indications that they are seriously weighing participation in the next round of parliamentary elections, in October 2006. Bahrain will also hold municipal elections in May 2006. Bahrain offers public support for each stage of Iraq's political transformation and provides humanitarian support and technical training to build capacity in Iraq's finance and banking sectors.

A.2. MAJOR ECONOMIC DEVELOPMENTS: Bahrain's USD 11.6 billion (2005 estimate) economy remains oil dependent, although Bahrain is not an oil-rich country. Bahrain produces some 38,000 barrels per day of oil and receives

150,000 barrels per day from Saudi Arabia, half of the production of the nearby offshore Abu Sa'afa field. Grant assistance from other GCC states, primarily Saudi Arabia, Kuwait, and the United Arab Emirates, is an important source of income. Sustained high global oil prices have enabled Bahrain to invest in upgrading its physical infrastructure and to invest in capital projects such as a new port, expansion of Aluminum Bahrain's (ALBA) production capacity, renovation of the GOB's oil refinery, and the construction of a Formula One racetrack and associated facilities. These investments are consistent with the Government's efforts to diversify the economy through development of competitive industrial and services sectors, especially financial, transportation, and hospitality. Per capita GDP is roughly estimated at USD 20,500 for this country of approximately 688,000. The United States and Bahrain signed a free trade agreement in September 2004 and the legislatures of both countries ratified the agreement by the end of 2005. President Bush signed the agreement into law in January 2006. Entry into force is pending Bahrain's implementation of provisions in the agreement dealing with intellectual property rights protection.

**B. MAJOR DEFENSE CONTRIBUTIONS:** Most importantly, the GOB has provided (and continues to provide) indispensable support for deployment of U.S. forces. In support of OEF and OIF, the GOB provided beddown for U.S. forces, critical aircraft overflight and landing clearances, as well as ship clearances and dockage. Since the commencement of OIF, Bahrain has provided key storage facilities along with troops and equipment for increased force protection requirements.

While the Government of Bahrain is undergoing a process of economic liberalization and diversification, it remains committed to a strong and capable defense force. This commitment is reflected in both the national budget and in the King's policies. The largest portion of the budget, USD 750 million, or 16.1 percent of the total, goes toward national and regional defense, of which USD 630 million is the MOD budget. (The National Guard and other security elements account for the remainder.) During the GCC Millennium Summit the King spearheaded passage of a common defense agreement, which affirmed "the principal of joint security by means of beefing up cooperation and coordination." Bahrain continues to upgrade its military capabilities in order to enhance its own as well as GCC Defense Force capabilities.

In 2004, Bahrain coordinated the delivery of 20 M109A5 artillery pieces and began the process of upgrading its Multiple Launch Rocket Systems and F-16 aircraft. Of special note, in 2004, Bahrain made major improvements to its air defense posture by programming and finalizing procurement of a TPS 59 Radar system, all required training and associated communications, control and support infrastructure. This important upgrade not only supports regional defense but also provides force protection for U.S. service personnel stationed in Bahrain. Furthermore, the GOB is a regional leader with regard to both the U.S. SECDEF's Cooperative Defense Initiative (CDI) and U.S. Consequence Management programs. Regarding CDI, the BDF has begun the process for shared early warning as well as integration of coastal radar for passive defense. Annually the BDF also hosts bi-lateral and multi-national exercises, improving interoperability and shared defense through training. Bahrain was a front-runner in cooperative defense in support of the Qatari Armed Forces during Eagle Resolve 05 (consequence management exercise) as the State of Qatar prepares for the 2006 Doha Asian Games.

Perhaps the most notable initiative of the BDF to enhance interoperability is the commencement of restructuring their ground force units. With BDF air and naval units already closely resembling US Command, Control and Force structure, the ground force units are being melded into a two brigades, closely emulating US Army Brigade Combat Teams. With one envisioned as a heavy brigade and the other a light, the BDF ground forces could more easily integrate into bilateral or multilateral operations.

**C. PEACEKEEPING CONTRIBUTIONS.** Not applicable.

**D. CONTRIBUTIONS TO OEF/OIF:** In direct support of OEF and OIF, Bahrain in 2003 deployed 1500 troops, a tank battalion task force, and its frigate the RNBS Sabha to defend Kuwait. Bahrain also flew combat air patrol (CAP) over Kuwait and Bahrain, and continues to keep F-16's on 24-7 strip alert.

Although the contributions of 2003 to OEF and OIF have been scaled back as a result of the end of major combat operations, the Bahrainis continue to support coalition efforts against insurgency in many ways. Bahrain continues to allow over-flight, use of naval and aerial port facilities as needed and also authorize the use of training ranges and facilities for several smaller, specialized units flowing into the Areas of Responsibility for OEF and OIF. In 2005, Bahrain provided material support to a regional force

participating in OEF. Most importantly, their ideology in fighting the Global War on Terror is consistent with that of the US.

**13. (U) 2001 GOB DIRECT COSTS SHARING/ASSISTANCE IN SUPPORT OF U.S. DEFENSE PRESENCE IN BAHRAIN:**

**1A. RENTS:** The GOB does not pay for any lodging expenses associated with the permanent stationing of U.S. forces in Bahrain.

**1B. LABOR:** The GOB does not pay any labor costs associated with U.S. defense presence in Bahrain.

**1C. KATUSA LABOR:** Not applicable to Bahrain.

**1D. UTILITIES:** The GOB does not pay for any utilities associated with the permanent stationing of U.S. forces in Bahrain.

**1E. FACILITIES:** None.

**1F. FACILITIES IMPROVEMENT:** None.

**1G. RELOCATION CONSTRUCTION:** None.

**1H. VICINITY IMPROVEMENT:** None.

**1I. MISCELLANEOUS:** None.

**14. (U) 2001 GOB INDIRECT COSTS SHARING/ASSISTANCE IN SUPPORT OF U.S. DEFENSE PRESENCE IN BAHRAIN:**

**1A. VIP SECURITY/SECURITY FOR GENERAL OFFICERS OR EQUIVALENT DIGNITARIES:** The GOB provides the use of official vehicles, drivers, and security personnel, and escort officers for all senior, official visits to Bahrain, including the U.S. military. During 2004, and 2005, the GOB hosted scores of General Officers or equivalent dignitaries. If the U.S. government had paid for this service, as we do in other countries, we estimate the cost to the U.S. taxpayer would have been close to USD 1.2 million annually.

**1B.** There is no Status of Forces Agreement (SOFA) between the United States and Bahrain, but the two countries signed a Defense Cooperation Agreement (DCA) in 1991. The DCA was amended in 2002 and runs through 2016. As host nation to COMUSNAVCENT/Fifth Fleet, the GOB permitted numerous U.S. Navy ship visits to Bahrain with associated shore leave by U.S. service men and women.

**1C. LEASED LAND:** In 1997 the Naval Support Activity occupied 23 acres. Currently, it uses 143 acres of prime commercial real estate in Manama (79 acres), Mina Salman port (39 acres), and Bahrain International Airport (25 acres). The total USG lease costs for the land and buildings are USD 7 million. We estimate the GOB's foregone rent at USD 30 million. Furthermore, the U.S. has rent-free use of 156 acres of land and facilities at Bahrain's air force base. We estimate the GOB's foregone rent for the use of this property to be USD 8.5 million.

**1D. CUSTOMS:** The Naval Support Activity pays some Customs fees on certain imported goods, while other imports are exempt from import duties. We estimate cost savings to the USG from foregone duty to be USD 800,000.

**1E. FACILITIES:** The GOB has absorbed expenses incurred by U.S. military forces at both its port and military and commercial airfields, specifically dock space, airfield and airport ramp space. For 2004 we estimate these expenses to be USD 16,419,000 (USD 11,367,000 for uncharged ship docking fees, USD 5,052,000 for uncharged BAH landing and parking fees). In 2005 we estimate these expenses to be USD 15,079,000 (USD 10,179,000 for uncharged ship docking fees, USD 4,900,000 for uncharged BAH landing and parking fees).

**15. (U) GRANT AID, PEACEKEEPING, HUMANITARIAN ASSISTANCE, COUNTER-PROLIFERATION, AND NUCLEAR THREAT REDUCTION:**

**1A. GRANT AID:** Bahrain does not usually provide annual budgetary outlays for foreign assistance. However, in 2003 the GOB provided USD 500,000 budget assistance via the World Bank for projects to assist the Afghan government. Bahrain has also made pledges of in-kind assistance to help rebuild Iraq's banking sector. In 2005, Bahrain contributed USD 2 million to the Pakistan relief efforts in the aftermath of the earthquake. Bahrain continued to show their cooperation and partnership with the U.S. in 2005 by contributing USD 5 million to the Hurricane Katrina relief efforts.

**1B. PEACEKEEPING:** Not applicable.

**1C. UN OPERATIONS:** Negligible.

**1D. CONTINGENCY OPERATIONS:** Not applicable.

1E. MILITARY ASSISTANCE: Not applicable.

1F. COUNTER-PROLIFERATION: A co-signer to the 1996 CTBT Treaty, Bahrain has a public policy of support for international efforts to counter all weapons of mass destruction, including nuclear weapons.

16. (U) DATA ON ECONOMICS: GDP for Bahrain was USD 10.93 billion in 2004, and USD 11.58 billion in 2005.

17. (U) DATA ON DEFENSE:

1A. DEFENSE BUDGET: The exact Bahrain defense budget is unknown, but is estimated to be approximately USD 629.0 million in 2004 and USD 630.0 million in 2005.

Actual outlays for 2004 were:

- Large Aircraft IR Countermeasures, USD 43 million FMF
- TPS 59 Air Surveillance Radar, USD 38.6 million FMF/FMS
- 20 M109A5 Howitzers, USD 13.4 million FMS

Projected outlays for 2005-2008 are:

- F-16 Common Configuration Implementation Upgrade, USD 300 million FMS
- 9 UH-60M Blackhawk helicopters, USD 220 million FMF/FMS
- JDAM software upgrade, USD 21 million FMS
- Multiple Launch Rocket System Fire Control upgrade, USD 20 million FMS
- 180 Javelin Anti Armor Missiles with 60 Launchers, USD 14 million FMF
- 250 TOW II RF Missiles, USD 10 million FMS
- RBNS SABHA Frigate Sonar repair/upgrade, USD 3.2 million FMF
- 1 Avenger missile launcher, USD 3.2 million FMF
- F-16 Joint Mission Planning System, USD 3 million FMS
- RBNS SABHA Frigate communications upgrade, USD 2.1 million FMF
- 6 M1025 HMMWVs, USD 651 thousand FMS
- 150 PVS-7 NVDS, USD 200 thousand FMS

1B. DEFENSE PERSONNEL: The BDF has approximately 12,000 active duty personnel.

17. POCs for AMEMBASSY Manama are Pol/Econ Chief Steve Bondy at (973) 17 242-908 and LtCol RJ Colson, USMC at (973) 17 242-954.

MONROE